

MAR 17 2004

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FEDERAL ELECTION  
COMMISSION  
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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

National Republican Congressional  
Committee and Christopher J. Ward, as  
treasurer

MUR 4953

2004 MAR 17 P 3:20

**SENSITIVE**

GENERAL COUNSEL'S REPORT #3

**I. ACTIONS RECOMMENDED**

Accept the attached signed conciliation agreement with the National Republican Congressional Committee and Christopher J. Ward, as treasurer ("NRCC"), and close the file with respect to all remaining respondents, the NRCC, the U. S. Family Network ("USFN") and Americans for Economic Growth ("AEG").<sup>1</sup>

**II. BACKGROUND**

This case involves the NRCC's October 1999 \$500,000 donation from its non-federal account to the USFN which was ultimately used in large part by AEG to air radio advertisements which, if paid for by the NRCC directly, would have been allocable on the same basis as administrative and generic voter drive costs. *See* Advisory Opinion 1995-25. If the NRCC knew that its money was to be used for this activity, the NRCC violated the Act and the Commission's allocation regulations by using wholly non-federal funds that did not comply with the Act's source and amount restrictions to pay for mixed federal/non-federal activity. 2 U.S.C. §§ 441a(f), 441b and 11 C.F.R. §§ 102.5(a)(1)(i), 106.5(c) and 106.5(g)(1)(i). *See FEC v. California Democratic Party*, 13 F. Supp.2d 1031, 1034-1035 (E.D. Calif. 1999); MUR 3774

<sup>1</sup> At the RTB stage, the Commission determined to take no action against the USFN and AEG with respect to whether they were political committees under 2 U.S.C. § 431(4). The investigation focused on the NRCC's actions and only on the USFN and AEG to the extent that their activities or interactions bore on establishing whether the NRCC violated the Act. Additionally, it appears that neither entity is still active. Therefore, this Office recommends that the Commission exercise its prosecutorial discretion and close the file as to the USFN and AEG.

1 (National Republican Senatorial Committee).

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14 **III. DISCUSSION**

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IV. RECOMMENDATIONS

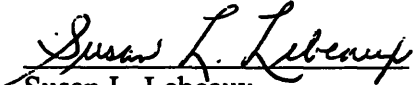
1. Accept the attached conciliation agreement with the National Republican Congressional Committee and Christopher Ward, as treasurer, and close the file as to them.
2. Close the file as to the U. S. Family Network.
3. Close the file as to Americans for Economic Growth.
4. Approve the appropriate letters.

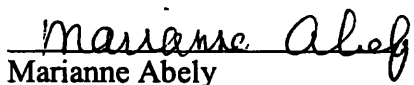
Date

3/17/04

  
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